This rule corrects in 10 CFR 431.97, paragraph (c) all references to Table 4 and Table 5 to read as Table 5 and Table 6, respectively. The effective date for this rule is September 21, 2015.

**Correction**

In FR Doc. 2015–16897, published in the issue of Tuesday, July 21, 2015 (80 FR 43162), on page 43212, in the second column, amendatory instruction 2 is corrected to read as follows:

| 2. Amend § 431.97 by revising paragraph (c) to read as follows:

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**§ 431.97 Energy efficiency standards and their compliance dates.**

* * * * *

(c) Each non-standard size packaged terminal air conditioner (PTAC) and packaged terminal heat pump (PTHP) manufactured on or after October 7, 2010 must meet the applicable minimum energy efficiency standard level(s) set forth in Table 5 of this section. Each standard size PTAC manufactured on or after October 8, 2012, and before January 1, 2017 must meet the applicable minimum energy efficiency standard level(s) set forth in Table 5 of this section.

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**Table 5 to § 431.97—Minimum Efficiency Standards for PTAC and PTHP**

<table>
<thead>
<tr>
<th>Equipment type</th>
<th>Category</th>
<th>Cooling capacity</th>
<th>Efficiency level</th>
<th>Compliance date: products manufactured on and after</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTAC ...</td>
<td>Standard Size ...</td>
<td>&lt;7,000 Btu/h ...</td>
<td>EER = 11.7 ...</td>
<td>October 8, 2012.</td>
</tr>
<tr>
<td>Non-Standard Size ...</td>
<td>≥7,000 Btu/h and ≤15,000 Btu/h ...</td>
<td>EER = 13.8 − (0.3 × Cap)</td>
<td>October 8, 2012.</td>
<td></td>
</tr>
<tr>
<td>PTHP ...</td>
<td>Standard Size ...</td>
<td>&lt;7,000 Btu/h ...</td>
<td>EER = 11.9 ...</td>
<td>October 8, 2012.</td>
</tr>
<tr>
<td>Non-Standard Size ...</td>
<td>≥7,000 Btu/h and ≤15,000 Btu/h ...</td>
<td>EER = 10.9 − (0.213 × Cap)</td>
<td>October 7, 2010.</td>
<td></td>
</tr>
</tbody>
</table>

1 “Cap” means cooling capacity in thousand Btu/h at 95 °F outdoor dry-bulb temperature.

2 And manufactured before January 1, 2017. See Table 6 of this section for updated efficiency standards that apply to this category of equipment manufactured on and after January 1, 2017.

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**Table 6 to § 431.97—Updated Minimum Efficiency Standards for PTAC**

<table>
<thead>
<tr>
<th>Equipment type</th>
<th>Category</th>
<th>Cooling capacity</th>
<th>Efficiency level</th>
<th>Compliance date: products manufactured on and after</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTAC ...</td>
<td>Standard Size ...</td>
<td>&lt;7,000 Btu/h ...</td>
<td>EER = 11.9 ...</td>
<td>January 1, 2017.</td>
</tr>
<tr>
<td>Non-Standard Size ...</td>
<td>≥7,000 Btu/h and ≤15,000 Btu/h ...</td>
<td>EER = 14.0 − (0.3 × Cap)</td>
<td>January 1, 2017.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>≥15,000 Btu/h ...</td>
<td>EER = 9.5 ...</td>
<td>January 1, 2017.</td>
<td></td>
</tr>
</tbody>
</table>

1 “Cap” means cooling capacity in thousand Btu/h at 95 °F outdoor dry-bulb temperature.

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**BUREAU OF CONSUMER FINANCIAL PROTECTION**

**12 CFR Part 1026**

**Truth in Lending (Regulation Z) Annual Threshold Adjustments (CARD ACT, HOEPA and ATR/QM)**

**AGENCY:** Bureau of Consumer Financial Protection.

**ACTION:** Final rule; official interpretation.

**SUMMARY:** The Bureau of Consumer Financial Protection (Bureau) is issuing this final rule amending the regulatory text and official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The Bureau is required to calculate annually the dollar amounts for several provisions in Regulation Z; this final rule reviews the dollar amounts for provisions implementing amendments to TILA under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), the Home Ownership and Equity Protection Act of 1994 (HOEPA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These amounts are adjusted, where
appropriate, based on the annual percentage change reflected in the Consumer Price Index in effect on June 1, 2015. The minimum interest charge disclosure thresholds will remain unchanged in 2016.

DATES: This final rule is effective January 1, 2016.

FOR FURTHER INFORMATION CONTACT: James Wylie, Counsel, Office of Regulations, Consumer Financial Protection Bureau, 1700 G Street NW., Washington, DC 20552 at (202) 435–7700.

SUPPLEMENTARY INFORMATION: The Bureau is amending the regulatory text and official interpretations for Regulation Z, which implements TILA, to update the dollar amounts of various thresholds that are adjusted annually based on the annual percentage change in the Consumer Price Index. The adjusted dollar amount for the penalty fees safe harbor in 2016 is $27 for a first late payment and $37 for each subsequent violation within the following six months. For HOEPA loans, the adjusted total loan amount threshold is $20,350, effective January 1, 2016. The adjusted statutory fee trigger for HOEPA loans is $1,017, effective January 1, 2016. Effective January 1, 2016, for the purpose of a creditor’s determination of a consumer’s ability to repay a transaction secured by a dwelling, a covered transaction is not a qualified mortgage unless the transaction’s total points and fees do not exceed 3 percent of the total loan amount for a loan greater than or equal to $101,749; $3,052 for a loan amount greater than or equal to $61,050 but less than $101,749; $1,017 for a loan amount greater than or equal to $20,350 but less than $61,050; $1,017 for a loan amount greater than or equal to $12,719 but less than $20,350; and 8 percent of the total loan amount for a loan amount less than $12,719.

I. Background

A. CARD Act Annual Adjustments

In 2010, the Board of Governors of the Federal Reserve System (Board) published amendments to Regulation Z implementing the CARD Act, which amended TILA. Pub. L. 111–24, 123 Stat. 1734 (2009). Pursuant to the CARD Act, the Board’s Regulation Z amendments established new requirements with respect to open-end consumer credit plans, including requirements for the disclosure of minimum interest charge amounts and the establishment of a safe harbor provision allowing card issuers to impose penalty fees for violating account terms without violating the restrictions on penalty fees established by the CARD Act. See 75 FR 7658, 7799 (Feb. 22, 2010) and 75 FR 37526, 37527 (June 29, 2010). The final rule issued by the Board required that these thresholds be calculated annually using the Consumer Price Index as published by the Bureau of Labor Statistics (BLS).1

Minimum Interest Charge Disclosure Thresholds

Sections 1026.6(b)(2)(iii) and 1026.60(b)(3) of the Bureau’s Regulation Z provide that the minimum interest charge thresholds will be re-calculated annually using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) that was in effect on the preceding June 1. When the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in §§ 1026.6(b)(2)(iii) and 1026.60(b)(3) has decreased by a whole dollar, the minimum interest charge amounts set forth in the regulation will be decreased by $1.00. This adjustment is based on the CPI–W index in effect on June 1, 2015, which was reported on May 22, 2015. The Bureau is not required to re-calculate the threshold amounts for the purpose of a creditor’s determination of a consumer’s ability to repay a transaction secured by a dwelling, a covered transaction is not a qualified mortgage unless the total loan amount is for a loan greater than or equal to $20,000. The HOEPA threshold amount be recalculated annually and the Bureau uses the Consumer Price Index for All Urban Consumers (CPI–U) index, as published by the BLS, as the index for adjusting the $20,000 figure. The HOEPA Final Rule provides that this threshold amount be recalculated annually and the Bureau uses the Consumer Price Index for All Urban Consumers (CPI–U) index, as published by the BLS, as the index for adjusting the $20,000 figure. The HOEPA Final Rule provides that this threshold amount be recalculated annually and the Bureau uses the Consumer Price Index for All Urban Consumers (CPI–U) index, as published by the BLS, as the index for adjusting the $20,000 figure.

B. HOEPA Annual Threshold Adjustments

On January 10, 2013, the Bureau issued a final rule pursuant to, inter alia, section 1431 of the Dodd-Frank Act, which revised the loan amount threshold for HOEPA loans. 78 FR 6856 (Jan. 31, 2013) (2013 HOEPA Final Rule). The 2013 HOEPA Final Rule adjusted the dollar amount threshold used in connection with calculating whether a transaction meets the percentage point thresholds in the points and fees coverage test to $20,000. Specifically, under § 1026.32(a)(1)(iii)(A) and (B), when determining whether a transaction is a high cost mortgage, the determination of the applicable points and fees coverage test is based upon whether the total loan amount is for more or less than $20,000. The HOEPA 2013 Final Rule provides that this threshold amount be recalculated annually and the Bureau uses the Consumer Price Index for All Urban Consumers (CPI–U) index, as published by the BLS, as the index for adjusting the $20,000 figure. The CPI–U is based on all urban consumers and represents approximately 88 percent of the U.S. population. The BLS publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. This adjustment is based on the CPI–W index in effect on June 1, 2015, which was reported on May 22, 2015. The CPI–W is a subset of the CPI–U index (based on all urban consumers) and represents approximately 28 percent of the U.S. population. When the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in § 1026.52(b)(1)(ii)(A) and (B) has increased by a whole dollar, those amounts will be increased by $1.00. Similarly, when the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in § 1026.52(b)(1)(ii)(A) and (B) has decreased by a whole dollar, those amounts will be decreased by $1.00. See comment 52(b)(1)(ii)–2. The adjustment to the permissible fee thresholds being adopted here reflects a 0.8 percent decrease in the CPI–W from April 2014 to April 2015 and is rounded to the nearest $1 increment.

Penalty Fees Safe Harbor

The Bureau’s Regulation Z provides that the safe harbor provision which establishes the permissible fee thresholds in §1026.52(b)(1)(ii)(A) and (B) will be re-calculated annually using the CPI–W that was in effect on the preceding June 1. The BLS publishes consumer-based indices monthly, but does not report a CPI change on June 1; adjustments are reported in the middle of the month. This adjustment is based on the CPI–W index in effect on June 1, 2015, which was reported on May 22, 2015. The CPI–W is a subset of the CPI–U index (based on all urban consumers) and represents approximately 28 percent of the U.S. population. When the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in § 1026.52(b)(1)(ii)(A) and (B) has increased by a whole dollar, those amounts will be increased by $1.00. Similarly, when the cumulative change in the adjusted minimum value derived from applying the annual CPI–W level to the current amounts in § 1026.52(b)(1)(ii)(A) and (B) has decreased by a whole dollar, those amounts will be decreased by $1.00. See comment 52(b)(1)(ii)–2. The adjustment to the permissible fee thresholds being adopted here reflects a 0.8 percent decrease in the CPI–W from April 2014 to April 2015 and is rounded to the nearest $1 increment.

1 The responsibility for promulgating rules under TILA was generally transferred from the Board to the Bureau effective July 21, 2011. The Bureau restated Regulation Z on December 22, 2011, and the Bureau’s Regulation Z is located at 12 CFR part 1026. 76 FR 79768 (Dec. 22, 2011). See sections 1061 and 1100A of the Dodd-Frank Act, Public Law 111–203, 124 Stat. 1378 (2010). Section 1029 of the Dodd-Frank Act excludes from this transfer of rulemaking authority over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both.
on June 1, and reflects the percentage change from April 2014 to April 2015. The adjustment to the $20,000 figure being adopted here reflects a 0.2 percent decrease in the CPI–U index for this period and is rounded to whole dollars for ease of compliance.

Pursuant to section 1431 of the Dodd-Frank Act and § 1026.32(a)(1)(ii)(B) as amended by the 2013 HOEPA Final Rule, implementation of the 2013 HOEPA Final Rule also changed the HOEPA fee trigger to $1,000. The HOEPA 2013 Final Rule provides that this threshold amount will be recalculated annually and the Bureau uses the CPI–U index, as published by the BLS, as the index for adjusting the $1,000 figure. The adjustment to the CPI–U index reported by BLS on May 22, 2015, was the CPI–U index in effect on June 1, and reflects the percentage change from April 2014 to April 2015. The adjustment to the $1,000 figure being adopted here reflects a 0.2 percent decrease in the CPI–U index for this period and is rounded to whole dollars for ease of compliance.

C. Ability To Repay and Qualified Mortgages Annual Threshold Adjustments

On January 10, 2013, the Bureau issued a final rule pursuant to, inter alia, sections 1411 and 1412 of the Dodd-Frank Act, which implemented laws requiring mortgage lenders to consider a consumer’s ability to repay home loans before extending them credit. 78 FR 6407 (Jan. 31, 2013) (2013 ATR/QM Final Rule). The 2013 ATR/QM Final Rule established the points and fees limits that a loan must not exceed in order to satisfy the requirements for a qualified mortgage. Specifically, a covered transaction is not a qualified mortgage unless the transaction’s points and fees do not exceed 3 percent of the total loan amount for a loan amount greater than or equal to $100,000; 3.5 percent of the total loan amount greater than or equal to $60,000 but less than $100,000; 4 percent of the total loan amount for loans greater than or equal to $20,000 but less than $60,000; $1,000 for a loan amount greater than or equal to $12,719 but less than $20,000; and 8 percent of the total loan amount for loans less than $12,719. The Bureau is also amending comment § 1026.52(b)(1)(ii)–2.i to preserve a list of the historical thresholds for this provision.

B. HOEPA Annual Threshold Adjustment—Comments 32(a)(1)(ii)–1 and –3

Effective January 1, 2016, for purposes of determining the total loan amount threshold that determines whether a transaction is a high cost mortgage when the points and fees are either 5 percent or 8 percent of the total loan amount, the threshold amount greater than or equal to $101,749; $3,052 for a loan amount greater than or equal to $61,050 but less than $101,749; 5 percent of the total loan amount for loans greater than or equal to $20,350 but less than $61,050; $1,017 for a loan amount greater than or equal to $12,719 but less than $20,350, and 8 percent of the total loan amount for loans less than $12,719. Comment 32(a)(1)(ii)–1, which lists the adjustments for each year, is amended to reflect the new dollar threshold amounts for 2016.

III. Procedural Requirements

A. Administrative Procedure Act

Under the Administrative Procedure Act (APA), notice and opportunity for public comment are not required if the Bureau finds that notice and public comment are impracticable, unnecessary, or contrary to the public interest. 5 U.S.C. 553(b)(B). Pursuant to this final rule in Regulation Z, § 1026.52(b)(1)(ii)(B) in subpart E is amended and comments 32(a)(1)(i)–3.ii, 43(e)(3)(ii)–1.ii, 52(b)(1)(i)–2.i.c in supplement I are added to update the exemption thresholds. The amendments in this final rule are technical and non-discretionary, and they merely apply the method previously established in Regulation Z for determining adjustments to the thresholds. For these reasons, the Bureau has determined that publishing a notice of proposed rulemaking and providing opportunity for public comment are unnecessary. Therefore, the amendments are adopted in final form.

B. Regulatory Flexibility Act

Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not require an
C. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3506; 5 CFR 1320), the Bureau reviewed this final rule. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

List of Subjects in 12 CFR Part 1026

Advertising, Consumer protection, Credit, Credit unions, Mortgages, National banks, Reporting and recordkeeping requirements, Savings associations, Truth in lending.

Authority and Issuance

For the reasons set forth in the preamble, the Bureau amends Regulation Z, 12 CFR part 1026, as set forth below:

PART 1026—TRUTH IN LENDING (REGULATION Z)

1. The authority citation for part 1026 continues to read as follows:


Subpart G—Special Rules Applicable to Credit Card Accounts and Open End Credit Offered to College Students

2. Section 1026.52(b)(1)(ii)(B) is revised to read as follows:

§ 1026.52 Limitations on fees.

(b) * * *

(1) * * *

(ii) $37 if the card issuer previously imposed a fee pursuant to paragraph (b)(1)(i)(A) of this section for a violation of the same type that occurred during the same billing cycle or one of the next six billing cycles; or

* * *

(3) In Supplement I to part 1026—Official Interpretations:

A. Under subpart G, Under Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.1.C is added.

The additions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.i.C is added.

The additions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.i.C is added.

The additions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.i.C is added.

The additions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.i.C is added.

The additions read as follows:

SUPPLEMENT I TO PART 1026—OFFICIAL INTERPRETATIONS

Subpart E—Special Rules for Certain Home Mortgage Transactions

Section 1026.52—Limitations on Fees, 52(b) Limitations on Penalty Fees, 52(b)(1)(ii) Safe Harbors, subheading i, paragraph 2.i.C is added.